ESO 230

1996 Farm Bill
Fact Sheets

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Adapted from USDA

USDA 1996 Farm Bill Almanac

United States Department of Agriculture

April 11, 1996

The Farm Bill Almanac will be updated as needed to reflect important planning dates, deadlines, and policies you need to know to participate in USDA's programs. Some initial scheduling information about implementing the new bill follows:

April 10: Producers may end CRP contracts on certain land entered into before 1/1/95. Approved contract terminations on eligible land will become effective 60 days after request is received by FSA office.

Late April: Initial 1996 peanut program quotas will be mailed to operators. USDA will also notify operators and owners about out-of-county transfer provisions and procedures for implementing transfer limitations.

Early May: FSA will provide farm base and yield notices to producers. These will be the basis for computing commodity payments under the bill.

May 1: Dairy marketing assessments end. USDA will make applicable refunds for the 1995 and 1996 marketing years at a later date.

By May 2: Producers of spring planted crops have until May 2, 1996, to obtain catastrophic risk protection coverage. Insurance policies obtained during this window will be effective 10 day after the producer makes application.

May 20-July 12: USDA will begin sign-up for producers to enroll farms and sign Production Flexibility Contracts. Thirty days after FSA approves contracts, advance 1996 payments will be made.

August 1: Deadline for sign-up. No one can sign contracts after this date, except those with expiring CRP contracts. ***NOTE: Congress mandated that there be a one-time sign-up period for the entire 1996-2002 period. Except for CRP, producers who miss this one sign-up will not be eligible to enroll the farm at a later date.***

Early Fall: USDA will allocate temporary seed quota for the 1996 peanut crop year to producers.

September 30: Final 1996 payments will be made to producers.

December 15, 1996: 1997 crop advance payments may be made, at the option of the producer.
or January 15, 1997

Return to:

- USDA ... Homepage
- Farm Bill Page

USDA 1996 Farm Bill Press Release

United States Department of Agriculture

Release No. 0186.96

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USDA ANNOUNCES ONE-TIME SIGNUP PERIOD FOR ENROLLMENT IN PRODUCTION FLEXIBILITYCONTRACTS UNDER NEW FARM LEGISLATION

WASHINGTON, April 11, 1996--Agriculture Secretary Dan Glickman today announced a one-time signup period of May 20 through July 12 for producers wishing to enroll their farms in a Production Flexibility Contract. The contracts, authorized by the 1996 Farm Bill, are for 7 years, beginning in 1996 and ending in 2002.

> "Despite the time constraints we face due to Congress' late passage of the Farm Bill -- USDA is working hard to get accurate information to producers and the public as quickly as possible," Glickman said. "I wish to stress that this is the only opportunity producers will have to enroll and those who fail to do so now will not be eligible at a later date. There will be no further additional signups except for land coming out of the Conservation Reserve Program. This is required by the 1996 Act and I have no discretion to extend this date."
>
> "Farms with a planting history in one of the past five years of wheat, corn, grain sorghum, barley, oats, upland cotton or rice are eligible to be enrolled in this program," Glickman said. "Production flexibility contracts are not available for ELS cotton and oilseeds but marketing assistance loans will be available to producers of these commodities."

Glickman reminded producers that compliance with conservation and wetlands provisions continues to be a condition of participation. Payment limitation rules that were applicable in 1995 will also be applicable to these payments. The total amount of payment a person may receive in any fiscal year may not exceed $40,000.

Farmers may plant as they wish under the program, but fruits or vegetables may not be planted on contract acres, except under certain circumstances. A producer may enroll all or part of the farm's contract base acreage in the program and, after signup, may request a permanent reduction in the acreage without penalty.

Payment and loan rates will be announced soon.

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Return to:

- Farm Bill page
- USDA ... Homepage

Instructions for Obtaining Full Conference Report for H.R. 2854

The full conference report on H.R. 2854, the 1996 Farm Bill, is available on the internet through the Government Printing Office by searching at the following address:
http://www.access.gpo.gov/su_docs/aces/aces150.html

When the screen comes up for the above URL, scroll down to the "Search Terms" box and enter H.R. 2854. In the "Issue Date" section, select the "On" button and enter the date 03/25/96. Then press the "Submit" button.

The results of the search will return numerous selections, including several for the conference report. It is such a large document that it is divided into sections which can be downloaded individually. Choose any or all the sections pertaining to the conference report for H.R. 2854.

USDA 1996 FarmBill *Fact Sheet*

United States Department of Agriculture

April 1996

COMMODITIES

Sign up

The Bill requires USDA to hold a one- time sign-up. This is expected to run from late May through mid-July 1996. **Except for the CRP, producers who miss this one sign up, which will cover crop years 1996 through 2002, will not be eligible to enroll at a later date.**

Producers on a farm with eligible cropland may sign a Production Flexibility Contract. The producer must continue to comply with the conservation and wetland protection requirements on the farm, comply with the planting flexibility requirements, and use the contract acreage for an agricultural or related activity.

All contracts will begin with the 1996 crop, except for CRP, when the contract begins on the date the production flexibility contract was signed or expanded to cover the acreage. All contracts extend through the 2002 crop, unless ended earlier by mutual agreement of the Secretary and other parties to the contract.

At the beginning of each fiscal year, land from expiring CRP contracts may be added to existing agreements or enrolled as new agreements as the CRP contract expires. For the fiscal year the CRP contract is ended, the owner or producer has the option to choose between either the contract payments or a pro-rated payment under the CRP contract, but not both.

Eligibility

To enter into a contract, a person must meet the following criteria:

- An owner of eligible farmland who assumes all or part of the risk of producing a crop.
- A producer (other than an owner) with a share-rent lease of the eligible cropland, regardless of the length of the lease, if the owner enters into the same contract.
- A producer (other than an owner) on eligible farmland who cash rents the eligible cropland under a lease expiring on or after September 30, 2002, in which case the consent of the owner is not required.
- A producer (other than an owner) on eligible farmland who cash rents the eligible cropland under a lease expiring before September 30, 2002. The owner of the eligible crop acreage bases may also enter into the same contract. If the producer enrolls less than 100 percent of the eligible cropland in the contract, the consent of the owner is required.
- An owner of eligible farmland who cash rents the eligible farmland with a lease term that expires before September 30, 2002, if the tenant declines to enter.

The Secretary is required to maintain adequate safeguards to protect the interests of tenants and sharecroppers.

Eligible contract acreage must have either been included in the annual acreage reduction program for at least one out of the last five crops, or have been considered planted. The definition of considered planted has been expanded to include acreage which may not have participated, but which was reported to the local Farm Service Agency office. Eligible contract acreage also includes cropland subject to a CRP contract whose term expired, or was voluntarily terminated, after January 1, 1995, or is released by the Secretary between January 1, 1995, and August 1, 1996.

An owner or producer may enroll all or a portion of the eligible cropland on the farm as contract acreage. Also, an owner or producer who enters into a contract may subsequently reduce, but not add to, the quantity of contract acreage covered by the contract.

Payments:

Annual payments will be made no later than September 30 of each of fiscal years 1996-2002. For FY 1997-2002, a 50 percent advance payment will be made at the option of the owner or producer on December 15 or January 15 of the fiscal year. Owners and producers must give advance notice as to which date they prefer, and the date may change from year to year. For 1996, the advance payment will be made no later than 30 days after the date on which an owner's or producer's contract is approved.

To the extent practicable, total spending levels for each fiscal year, along with each crop's share of the total are:

Spending Levels

FY 1996 $5.570 billion
FY 1997 $5.385 billion
FY 1998 $5.800 billion
FY 1999 $5.603 billion
FY 2000 $5.130 billion
FY 2001 $4.130 billion
FY 2002 $4.008 billion

Crop Shares

wheat 26.26%
corn 46.22%
sorghum 5.11%
barley 2.16%
oats 0.15%
upland cotton 11.63%
rice 8.47%

Adjustments

Each crop's share of the total for a particular fiscal year will be adjusted by:

- Adding total repayments of advance deficiency payments for the 1995 crop of the commodity;
- Adding refunds of contract payments received during the preceding fiscal year for the commodity;
- Subtracting total remaining deficiency payments for the 1994 and 1995 crops of upland cotton, feed grains, or wheat; and
- Adding $8.5 million for each fiscal year 1997-2002 for rice.

Any payments redistributed to eligible owners or producers that come from repayments of advance deficiency payments or refunds of contract payments, would not be subject to the $40,000 payment limit. However, such payments cannot exceed $50,000 per person.

For each contract, the payment quantity of a contract commodity for each fiscal year equals 85 percent of the contract acreage ***multiplied by*** the farm program payment yield.

The annual contract payment rate for each commodity equals the total spending level for each commodity for the fiscal year ***divided by*** the sum of payment quantities for all contracts for the fiscal year.

The annual payment amount equals the payment quantity for each of the contract commodities ***multiplied by*** the respective annual contract payment rate.

The annual payment amount for an owner or producer for a fiscal year will be immediately offset by the amount of any outstanding refund of advance deficiency payments for the 1995 crop.

Owners and producers may assign contract payments and may share the payments on a fair and equitable basis.

Marketing Loans

Current loan rate formulas will be maintained for wheat, feed grains, and upland cotton. Rice loan rates are frozen at $6.50 per hundredweight. However, loan rates are capped at their 1995 level except for soybeans and minor oilseeds. Soybean rates will range between $4.92 and $5.26 per bushel. The range for minor oilseeds will be between $8.70 and $9.30 per hundredwieght.

Producers are eligible to receive loan benefits on all production of contract commodities on the farm with a production flexibility contract, even if produced on noncontract acres. Contract farms cannot be combined with noncontract farms to increase loan eligibility. All producers are eligible for loans on ELS cotton and oilseeds on any production.

Interest rates applicable to loans are increased by 1 percentage point.

Payment Limitations

The total amount of contract payments made to a person under one or more production flexibility contracts during any fiscal year may not exceed $40,000, down from the current $50,000. Marketing loan gains and loan deficiency payments are limited to $75,000 per person. The three-entity rule is retained.

Planating Flexibility

Except for fruits and vegetables, any commodity or crop may be planted on contract acreage on a farm. The planting for harvest of fruits and vegetables (other than lentils, mung beans, and dry peas) is prohibited on contract acreage, except in the following situations:

- Harvesting double-cropped fruits and vegetables on contract acreage is permitted, without loss of payments, in any region which has a history of double- cropping contract commodities with fruits and vegetables. An individual farm does not have to have a double-cropping history, only the region.
- Harvesting of any fruits or vegetables on contract acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to fruits or vegetables, if the Secretary determines that there is a history of planting fruits and vegetables on the farm.
- Harvesting a specific fruit or vegetable on contract acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to the specific fruit or vegetable, if the Secretary determines that a producer has an established planting history of the specific fruit or vegetable. In such a case, the quantity harvested cannot exceed the producer's average annual planting history of the specific fruit or vegetable during the 1991-1995 crop years (excluding any crop year with 0 acres planted).

Haying and grazing restrictions have been eliminated, except for CRP acres. There are no minimum planting requirements for contract commodities.

There are no restrictions as to what a producer can plant on non-contract acres.

Transfers

A transfer of (or change in) the interest of an owner or producer in the contract acreage covered by the contract will result in the termination of the contract for that acreage, unless the new producer or owner of the acreage agrees to assume all obligations under the contract. At the request of the new producer or owner, the Secretary may modify the contract if the modifications are determined to be reasonable. If an owner or producer who is entitled to a contract payment dies, becomes incompetent, or is otherwise unable to receive the contract payment, the Secretary must continue to make the payments according to prescribed regulations.

Violations

Contracts of owners or producers who violate a requirement of their contract will be terminated on each farm in which the owner or producer has an interest. Once terminated, the owner or producer forfeits all rights to future contract payments on each farm and must refund all contract payments received during the period of the violation. However, the Secretary may determine that the violation does not justify termination, in which case the Secretary may require the owner or producer to refund part of the contract payments during the period of the violation, or to accept a reduction in the amount of future contract payments in proportion to the severity of the violation.

An owner or producer who has been foreclosed does not have to make contract repayments to the Secretary, if the Secretary determines that forgiving the repayments would be fair and equitable. The provisions of the contract continue to apply if and when the owner or producer resumes control of the contract acreage which had been foreclosed.

For more information, contact your local Farm Service Agency, USDA, or Dann Stuart, (202) 690-0474.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill Fact Sheet

United States Department of Agriculture

April 1996

LOAN PROGRAMS

The Bill authorizes loan levels of $85 million for *direct* farm ownership loans and $500 million for direct operating loans each of the seven years. *Guaranteed* farm ownership loans are authorized at $1.9 billion the first year, gradually rising to $2.1 billion in the fifth, sixth, and seventh years. Guaranteed *operating* loans are authorized at $600 million the first year and rise to $750 million for the last three years.

Eligibility and Use of Funds

Direct farm ownership loans are restricted to borrowers with fewer than 10 years of farming experience, or farmers who have participated in USDA loan programs for fewer than 10 years.

- · Direct farm ownership loans may no longer be used to refinance other debts.

  Direct operating loans are restricted to borrowers with fewer than five years experience, or fewer than seven years of direct borrowing.
- Loans are no longer authorized for non-farm enterprises, such as roadside sales stands, pollution abatement, solar energy systems, recreation facilities, and rural businesses.
- Emergency loans are limited to total indebtedness of $500,000 instead of $500,000 maximum for each natural disaster.

New Assistance to Borrowers

- A 95-percent guarantee is available for guaranteed farm ownership loans to beginning farmers in conjunction with the down-payment loan program and for portions of guaranteed loans used to help graduate a direct loan borrower to commercial credit. The maximum for all other guarantees is 90 percent.
- The Secretary may make available a five-year line of credit for direct operating loans.

Beginning Farmers and Ranchers

- Eligible farm ownership applicants may participate in the four-percent interest/50-percent joint financing program, or the existing 30-percent down-payment program. Under the joint financing program, when another lender provides 50 percent or more of the amount financed in a transaction, FSA may charge a preferential interest rate, not less than four percent.
- The Bill targets seventy percent of available direct farm ownership loan funds to beginners. Sixty percent of the 70 percent is targeted to down-payment loans.
- Beginning farmers have first priority to purchase farmland that FSA takes into inventory.
- The Bill raises the limit on the acreage an applicant may own and still qualify as a beginning farmer to 25 percent of the county's average farm size..

Loan Servicing

- The Bill increases the cash-flow margin requirement to 110 percent instead of 105 percent for borrowers whose loans are restructured.
- The Bill requires FSAcounty committees to certify that an annual review has been conducted of a

borrower's credit history, operations, and eligibility.

- The Bill provides Native American borrowers the option to transfer the loans to the Tribe having jurisdiction over the reservation or assign the notes and security instruments to the Department of the Interior provided the receiving party agrees.
- The Secretary is authorized to use private collection agencies to attempt collection of delinquent accounts and may contract with eligible financial institutions for servicing.

Inventory Property Management

The Bill provides that when USDA takes property into its inventory:

- Former operators may not lease back a farm after the loan is liquidated, with an option to repurchase the property. Borrowers now have 30 days after acquiring a homestead property, instead of 90 days, to apply to rent.
- Contracts with borrowers may be used instead of easements on property for conservation, recreation, and wildlife purposes.
- Public notices, public meetings, and consultation with state and local officials are required before inventory property is transferred to other federal or state agencies for conservation purposes.
- Wetland conservation easements are prohibited on inventory property that was cropland on the date of acquisition or used for farming at any time during five years before acquisition.

For more information, contact your local USDA Farm Service Agency office, or FSA Public Affairs Specialist Marlyn Aycock, (202) 720-5237.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 Farm Bill Fact Sheet

United States Department of Agriculture

April 1996

RISK MANAGEMENT

The 1996 Farm Bill makes several significant changes in the Federal Crop Insurance Program.

Beginning with spring-planted 1996 crops, a producer may choose not to obtain catastrophic risk protection insurance coverage and *still* remain eligible for USDA commodity, conservation, and credit programs.

However, if that is the choice, the producer must agree, in writing, to waive eligibility for emergency crop disaster assistance. This waiver does not preclude a producer from obtaining an emergency loan or a payment under the non-insured assistance program (NAP).

Changing Coverage

The Secretary will announce a two- to four-week interval during which producers may obtain catastrophic risk protection insurance coverage for spring-planted crops. Some restrictions will apply to maintain program integrity. Local FSA offices or crop insurance agents will have details.

Some spring-crop producers may be in a position to cancel their catastrophic risk protection insurance policies, though we encourage farmers to think twice before giving up this important safety net protection. Generally, cancellations will only be accepted for "roll-over" policies from prior years where the cancellation is requested prior to the 1996 acreage reporting date for the crop.

The bill also establishes a new, independent agency, The Office of Risk Management, within USDA to administer the crop insurance program.

Other Changes

The non-insured crop disaster assistance program, known as NAP, has been expanded. NAP will now cover seed crops and ornamental fish.

Delivery

Beginning with the 1997 crop, the Secretary will begin phasing out delivery of catastrophic risk protection insurance coverage through county Farm Service Agency offices, except in those areas where there are insufficient private insurance providers to provide catastrophic risk protection coverage to producers. The Secretary will announce plans for phasing out within 90 days of enactment.

For more information, contact your local USDA Farm Service Agency, or Eric Edgington, (202) 690-2539.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill Fact Sheet

United States Department of Agriculture

April 1996

TRADE

The 1996 farm bill makes several changes in agricultural trade programs.

Export Credit Guarantee Programs

These programs guarantee repayment of credit extended to foreign importers to purchase U.S. farm products.

The farm bill:

- Authorizes a new short-term supplier credit guarantee program.
- Includes more flexible criteria for determining countries' creditworthiness for GSM-103 intermediate-term credit guarantees.
- Mandates annual program levels for GSM-102 and GSM-103 at $5.5 billion through 2002, but allows flexibility in how much is available for each program.
- Allows credit guarantees for high-value products with at least 90 percent U.S. content (by weight). It requires that a minimum amount of credit guarantees be available for processed and high-value products, unless this reduces total commodity sales under the programs.

Market Promotion Program

MPP partially reimburses participants' costs of conducting approved export promotion activities in foreign countries.

The legislation:

- Renames MPP the Market Access Program (MAP) and funds MAP at $90 million annually for fiscal 1996 through 2002.
- Prohibits direct MAP assistance for brand promotions to foreign companies for foreign- produced products, or to companies that are not recognized as small business concerns under the Small Business Act, except for cooperatives and non-profit trade associations.

Export Enhancement Program

The farm bill:

- Limits the EEP, an export subsidy program, to $350 million for fiscal year (FY) 1996; $250 million for FY 1997; $500 million for FY 1998; $550 million for FY 1999; $579 million for FY 2000; and $478 million each for FY 2001 and 2002.
- Allows the Secretary to make available, consistent with Uruguay Round commitments, not more than $100 million annually for the sale of intermediate-value products, in order to reach the volume of those products exported by the United States in the period from 1986-1990.

Dairy Export Incentive Program

The farm bill directs the Secretary to continue the dairy export subsidy program to develop world markets, at the maximum volume and funding levels consistent with Uruguay Round limitations.

Dairy Export Trading Companies

The bill directs the Secretary to provide necessary advice and assistance to the U.S. dairy industry to enable it to establish and maintain one or more export trading companies to develop international markets and to export U.S. dairy products.

Foreign Market Development Cooperator Program

The legislation formally authorizes the Foreign Market Development Cooperator Program to develop and maintain foreign markets for U.S. agricultural commodities and products, and authorizes necessary appropriations to carry out the program for FY 1996- 2002, but does not specify funding levels.

Emerging Markets Programs

The farm bill:

- Retargets the Emerging *Democracies* Program to emerging *markets* and authorizes the program through 2002.
- Requires that the Commodity Credit Corporation (CCC) make available not less than $1 billion of direct credit or credit guarantees to emerging markets during FY 1996-2002.

Agricultural Export Promotion Strategy

The 1996 farm bill authorizes a new trade strategy that establishes export goals for USDA. The Secretary is required to identify markets with the greatest potential for export increases, including markets that show the greatest potential for export increases with the assistance of federal export programs.

Implementation of Uruguay Round

The legislation:

- Requires the Secretary to evaluate the status of other countries' implementation of their Uruguay Round commitments each fiscal year. If the Secretary believes that, by not implementing its commitments, another country may be constraining an opportunity for U.S. agricultural exports, USDA must submit the evaluation to the U.S. Trade Representative and transmit copies of the evaluation to Congress.
- Requires the Secretary to monitor World Trade Organization member countries' commitments to the Uruguay Round requirements on sanitary and phytosanitary measures. If the Secretary finds that a country has failed to meet these commitments, USDA must take appropriate action under any provision of law. If the country's failure to meet its WTO commitments on these measures has a continuing adverse effect on U.S. agricultural exports, the Secretary must submit a report to the Congress.

Trade Compensation and Assistance

The farm bill requires that, if a future export embargo is imposed on any country for national security or foreign policy reasons, and, if no other country with an agricultural economic interest joins the U.S. sanctions within 90 days of the imposition of the embargo, USDA must compensate producers of the affected commodity or commodities. Compensation can take the form of payments to producers, funds for export promotion, or the provision of commodities to developing countries.

Payments to producers will be based on the Secretary's estimate of the loss suffered by producers due to a decrease in commodity prices resulting from the embargo. The amount of funds provided for export promotion or for food assistance to developing countries is to equal 90 percent of the average annual value of U.S. exports to the embargoed country for the most recent three years prior to the embargo.

Funds will be available to compensate producers for each fiscal year or part of a fiscal year that the embargo is in effect, but for no longer than three years.

Edward Madigan U.S. Agricultural Export Excellence Award

The 1996 farm bill establishes a U.S. agricultural export excellence award to recognize entrepreneurial efforts in the food and agricultural sector to advance U.S. agricultural exports.

For more information, contact FAS Information Division at (202) 720-3448. On the Internet, the FAS Homepage address is http://www.fas.usda.gov.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill *Fact Sheet*

United States Department of Agriculture

CONSERVATION

The conservation provisions of the 1996 farm bill simplify existing conservation programs and improve their flexibility and efficiency. The bill also creates new programs to address high priority environmental protection goals.

The farm bill authorizes more than $2.2 billion in additional funding for conservation programs, extends the Conservation Reserve Program and Wetland Reserve Program, and creates new initiatives to improve natural resources on America's private lands.

To qualify for market transition payments under basic commodity programs which replace traditional farm subsidies, farm operators must agree to abide by Conservation Compliance and Wetlands Conservation (Swampbuster) provisions in the 1996 farm bill.

UMBRELLA PROGRAM REFORM

The bill reforms an existing program, the Environmental Conservation Acreage Reserve Program (ECARP), which encompasses the existing Conservation Reserve Program, the new Environmental Quality Incentives Program, and the Wetland Reserve Program.

Conservation Reserve Program

The CRP protects highly erodible and environmentally sensitive lands with grass, trees, and other long-term cover.

The farm bill:

- Allows up to 36.4 million acres to be enrolled at any one time. New enrollments can replace expired or terminated contracts.
- Allows owners or operators who entered into a contract before 1995 to terminate contracts on certain acres after giving written notice. Contracts must have been in effect for at least five years. Lands with high environmental values are not eligible for early release.
- Gives the Secretary discretionary authority to offer future early outs for CRP acres.

Environmental Quality Incentives

The Environmental Quality Incentives Program (EQIP) is a new program which combines the functions of the Agricultural Conservation Program, Water Quality Incentives Program, Great Plains Conservation Program and the Colorado River Basin Salinity Control Program.

EQIP is funded at $130 million in fiscal year 1996 and $200 million annually thereafter. Livestock-related conservation practices will receive 50 percent of program funding.

The farm bill:

- Establishes conservation priority areas where significant water, soil, and related natural resource problems exist, in cooperation with state and federal agencies and with the state technical committees.
- Gives higher priority to areas where state or local governments offer financial or technical assistance, or where agricultural improvements will help meet water quality objectives.
- Establishes 5- to 10-year contracts to provide technical assistance and pay up to 75 percent of the

costs of conservation practices such as manure management systems, pest management, and erosion control.

- Defines land eligible for EQIP contracts as agricultural land that poses a serious problem to soil, water, or related resources.
- Does not allow large livestock operations (to be defined through a public rule-making process) to be eligible for cost-share assistance for animal waste management facilities, but they do remain eligible for technical assistance.
- Requires activities under the contract to be carried out according to a conservation plan.
- Limits total cost-share and incentive payments to any person to $10,000 annually, and to $50,000 for the life of the contract.
- Phases in EQIP over the next six months, and then ends the Agricultural Conservation Program, Colorado River Basin Salinity Control Program, Water Quality Incentives Program, and the Great Plains Conservation Program.

Wetland Reserve Program

The WRP will have an enrollment cap of 975,000 acres. Program changes provide more flexibility and help landowners work toward a goal of no net loss of wetlands.

The revised WRP:

- Requires that, beginning October 1, 1996, one-third of total program acres be enrolled in permanent easements, one-third in 30-year easements, and one-third in restoration only cost-share agreements. Individuals may choose the category for their eligible land.
- Stipulates that effective October 1, 1996, no new permanent easements may be enrolled until at least 75,000 acres of temporary easements have entered the program.
- Provides landowners with 75 percent to 100 percent cost-sharing for permanent easements, 50 percent to 75 percent for 30- year easements, and 50 percent to 75 percent for restoration cost-share agreements. Cost- sharing will help pay for restoration.

Wetland Conservation (Swampbuster)

The 1996 farm bill makes several policy changes to existing Swampbuster provisions to give farmers more flexibility in complying with wetland conservation requirements while protecting natural resources:

- Expands areas where mitigation can be used. This allows individuals to work with producers, conservation districts or other relevant entities to select the best area for mitigating wetlands.
- Provides more options for mitigation, including restoration, enhancement, or creation as long as wetland functions and values are maintained.
- Encourages effective and timely use of "minimal effect" determinations. This change allows the Natural Resources Conservation Service (NRCS), working with state technical committees, to identify practices that have a minimal effect on the environment and put them on a "fast track."
- Stipulates that wetland conversion activities, authorized by a permit issued under Section 404 of the Clean Water Act, which make agriculture production possible, will be accepted for farm bill purposes if they were adequately mitigated.
- Revises the concept of "abandonment " to ensure that as long as land is used for agriculture, a certified Prior Converted cropland designation remains in effect. When done under an approved plan, landowners with Farmed Wetlands (FW) and Farmed Wetlands Pasture (FWP) may allow an area to revert to wetland status, and convert it back to an FW or FWP for agricultural purposes without violating the Swampbuster provision.
- Requires wetland determinations to be certified by NRCS. Previous wetland determinations will be certified to verify their accuracy. A certified wetland determination will remain in effect as long as the land is used for agricultural purposes or until the owner or operator requests a review from the Secretary.
- Provides the Secretary with the discretion to waive penalties for ineligibility and to grant time to restore converted wetlands.
- Provides the Secretary with authority to identify for individual producers which programs are

affected by Swampbuster violations and how much the penalty is.
- Establishes a pilot program for wetland mitigation banking in order to allow USDA to assess how well mitigation banking works for agriculture.

Wetlands Memorandum of Agreement

The farm bill expands the definition of agricultural land contained in the interagency Wetlands MOA to include not only cropland and pasture land, but also tree farms, rangeland, native pasture land, and other land used for livestock production.

Conservation Research and Education

The farm bill creates the National Natural Resources Conservation Foundation as a charitable nonprofit corporation to fund research and educational activities relating to conservation on private lands.

The foundation will promote innovative solutions to conservation problems through public-private partnerships. It will also accept private gifts of money or property to be used for conservation activities. Congress has authorized $1 million annually from 1997 through 1999.

The new foundation will offer grants for research, education, and demonstration projects. Grants will also assist conservation districts in building resources to carry out local conservation programs.

The foundation will be administered by a nine-member board of trustees appointed by the Secretary.

Conservation Compliance

The farm bill makes several policy changes in the operation of Conservation Compliance:

- Directs USDA employees who are providing on-site technical assistance to work with landowners to correct an observed potential compliance problem. Landowners will have up to one year to take corrective action before a violation is reported.
- Encourages farmers to maintain records of residue measurement, including those provided by a third party. Where appropriate, USDA will use these measurements when conducting annual status reviews to determine erosion levels.
- Authorizes county committees to provide relief in cases of undue economic hardship.
- Revises "good faith" to ensure penalties are commensurate with violations.

NRCS Technical Guide

The farm bill requires public notice at the state level of future changes in the NRCS technical guide that affect Swampbuster and Conservation Compliance.

Conservation of Private Grazing Land

The grazing lands provision is a new program to ensure technical, educational, and related assistance is provided to landowners on the nation's 642 million acres of private grazing lands. In fiscal year 1996, $20 million is authorized. This amount increases to $60 million by the third year.

Farmland Protection Program

The Farmland Protection Program is a new program under which the Secretary will join with state or local governments to purchase conservation easements. Based on voluntary participation, it only applies to land which farmers want to preserve in agriculture.

The program:

- Protects between 170,000 and 340,000 acres of farmland.
- Authorizes up to $35 million in total federal funding.
- Requires land to be subject to a pending offer from a state or local farmland conservation program in order to participate.

Task Force on Agricultural Air Quality

The 1996 farm bill establishes a task force on agricultural air quality. The Chief of the Natural Resources Conservation Service will chair the task force.

Flood Risk Reduction

This provision authorizes voluntary contracts that provide one lump sum payment to producers who farm land with high flood potential. The payment will equal 95 percent of the seven-year market transition payments, and other payments to offset estimated federal outlays on frequently flooded land.

In return, the producer agrees to comply with applicable wetlands and highly erodible land requirements and to forego commodity loans, crop insurance, conservation program payments, and disaster payments.

Wildlife Habitat Incentives Program

This new provision will help landowners improve wildlife habitat on private lands. The program will have $50 million in CRP funds for wildlife habitat improvement.

The program:

- Provides cost-sharing to landowners for developing habitat for upland wildlife, wetland wildlife, endangered species, fisheries and other wildlife.
- Provides for consulting with state technical committees to set priorities for cost-share measures and habitat development projects.

Emergency Watershed Protection Program Floodplain Easements

The farm bill authorizes the Secretary to purchase floodplain easements under the Emergency Watershed Protection Program.

State Technical Committees

State technical committees help develop technical standards for conservation programs. The farm bill requires public notice of meetings and expands committee membership to include representatives of non-government organizations such as agricultural producers, non-profit conservation organizations, agribusiness, and experts on the economic and environmental impacts of conservation techniques.

Conservation Farm Option

This is a pilot program for producers of wheat, feed grains, upland cotton, and rice who are eligible for Agriculture Market Transition Contracts. Under this program, landowners may consolidate their CRP, WRP, and EQIP payments into one annual payment. The participants enter into a 10- year contract and adopt a conservation farm plan approved by the Secretary. Initially, $7.5 million is authorized, increasing to $62.5 million in 2002. Total authorized funding is $197.5 million.

Resource Conservation and Development Program

This program is reauthorized as is until 2002.

Forestry Incentives Program

This program is reauthorized as is until 2002.

Soil Survey

The farm bill provides flexibility in determining how soil survey information is communicated to the public.

Everglades

The farm bill supports ongoing efforts to protect the Everglades ecosystem. This provision authorizes $200 million for restoration activities including land acquisition. Authority is also provided to sell or exchange an additional $100 million in federal land to help protect the Everglades.

Bypass Flows on Forest Service Lands

A task force will be appointed to study the issue of bypass flows and related water rights on national forest land. In the interim, there will be an 18-month moratorium on bypass flow requirements during the renewal of Forest Service permits for water supply facilities.

For more information, contact Gary Margheim, Natural Resources Conservation Service (202) 720-4514 or Parks Shackelford, Farm Service Agency (202) 720-8513.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill Fact Sheet

United States Department of Agriculture

April 199

RURAL COMMUNITY ADVANCEMENT

The Rural Community Advancement Program (RCAP), patterned on the President's initiative to reform the delivery of rural development programs, is the core of the farm bill's rural development initiatives.

RCAP fundamentally changes federal rural development programs. It puts in place a grassroots approach to rural economic development that will enable state and local officials to identify needs locally, and find flexible and innovative ways to meet them.

The farm bill gives state rural development offices the freedom to work with states, local communities, and federally recognized Indian tribes to maximize limited resources and provide meaningful assistance in addressing specific community needs. RCAP gives priority to communities with the smallest populations and lowest per capita income.

Program Categories

There are three categories of RCAP funds: rural community facilities, rural utilities, and rural business and cooperative development. They can be used for any combination of grants, direct loans, or loan guarantees.

In the past, these programs were funded on an individual basis and unused money could not be transferred from one program to another. RCAP permits transferring up to 25 percent of the funds it gives to states from one category to another, as long as no more than 10 percent of its funds are transferred from any account nationally. For example, if a state needs more money for rural business efforts, it can redirect funds to them from the community facilities category.

Venture Capital and Leveraging

RCAP authorizes a Rural Venture Capital Demonstration Program to guarantee loans made to rural businesses. This program will help demonstrate the usefulness of loan guarantees in attracting private investment in rural business enterprises. The Secretary may designate up to 10 community development venture capital organizations providing up to $15 million in guarantees each fiscal year.

Under RCAP, USDA will establish a block grant program which will give a portion of RCAP funds to states to help finance their own rural development initiatives along the lines of USDA's own programs.

For more information, contact the Rural Development Public Affairs Office at 202-720-6903.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill **Fact Sheet**

United States Department of Agriculture

April 1996

FUND FOR RURAL AMERICA

The Fund For Rural America will continue the Administration's work to expand economic opportunities for rural Americans.

The 1996 farm bill allocates $100 million per year beginning January 1, 1997, to the Fund For Rural America. The funds are split equally among three areas: rural development, research, and an amount to be used at the discretion of the Secretary for research or rural development. The monies become available January 1, 1997.

Rural Development

The Secretary can use the Fund For Rural America for a range of rural development activities, including rural business enterprise grants, direct loans, loan guarantees, grants to water and waste water projects, distance learning and telemedicine loans and grants, self-help housing, and rural housing preservation.

Research

The Fund For Rural America creates a competitive research grant program for "...research, extension, and education to increase international competitiveness, efficiency, and farm profitability; reduce economic and health risks; conserve and enhance natural resources; develop new crops, new crop uses, and new agricultural applications of biotechnology; enhance animal agricultural resources; preserve plant and animal germplasm; increase economic opportunities in farming and rural communities; and expand locally-owned value-added processing."

For additional information on the Fund For Rural America, contact Maria Bynum at (202) 720-5192 or Jim Brownlee at (202) 720-2091.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill **Fact Sheet**

United States Department of Agriculture

April 1996

RESEARCH

The 1996 farm bill creates two advisory panels and provides funding in the Fund For Rural America for a competitive grants program in research, education, and extension to be administered by the Cooperative State Research, Education, and Extension Service.

National Advisory Board

The farm bill consolidates three existing boards -- USDA's Agricultural Science and Technology Review Board, the Joint Council on Food and Agricultural Sciences, and the National Agricultural Research and Extension Users Advisory Board -- into a single National Agricultural Research, Extension, Education, and Economics Advisory Board with 30 members representing a broad array of USDA interests.

Strategic Planning Task Force

The 1996 farm bill also establishes the USDA Strategic Planning Task Force, an independent, 15-member panel to review the capacities of 107 federal research locations and the facilities at 76 land grant universities.

Within two and one-half years the Task Force will give the Secretary a 10-year strategic plan for development, modernization, construction, consolidation, and closure of federal agricultural research facilities and those proposed to be built with federal funds.

Competitive Grants

Authorized in the Rural Development Title, the Fund For Rural America provides $300 million over three years: one-third for research, education, and extension programs; one- third for rural development programs; and one-third to be used at the Secretary of Agriculture's discretion for research or rural development purposes, or both.

For research activities, the bill establishes a competitive grants program for colleges and universities and their foundations, federal research agencies, national laboratories, and private research organizations with established and demonstrated capacities to perform research on technology transfer. Not less than 15 percent of these grants must be awarded to smaller institutions.

The competitive grant funds will be available between January 1, 1997, and October 1, 1999. USDA will announce the application process in the near future.

For more information, contact Steve Teasley (202) 720-8319 or Maria Bynum (202) 720-5192.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill *Fact Sheet*

United States Department of Agriculture

April 1996

NUTRITION

FOOD STAMP PROGRAM

The 1996 farm bill reauthorizes the Food Stamp Program (FSP) until September 30, 1997.

The Food Stamp Program is the cornerstone of USDA's nutrition assistance programs. Initiated as a pilot program in 1961 and made permanent in 1964, the program issues monthly allotments of coupons or electronic benefit transfer cards (EBT) that are redeemable at retail food stores. The FSP is administered by state welfare agencies at the state and local levels.

Employment and Training

The bill authorizes the Secretary to allocate $75 million annually to carry out the Employment and Training program through fiscal year 2002.

The bill requires states to conduct an employment and training program to assist food stamp recipients gain the skills, training or experience to increase their ability to obtain regular employment.

Pilot Projects

The bill authorizes seven pilot projects to pay cash, in lieu of coupons, to households composed entirely of elderly Supplemental Security Income recipients through fiscal year 2002.

Outreach Demonstration

The bill authorizes through 2002 demonstration projects to inform eligible families about the Food Stamp Program.

COMMODITY DISTRIBUTION

Supplemental Food

The Commodity Supplemental Food Program (CSFP) is authorized through 2002. The CSFP is a program of grants to states to provide commodity foods to supplement the diets of low-income infants; children up the age of 6; pregnant, postpartum, and breast-feeding women; and persons 60 years of age and older.

Emergency Food Assistance

The bill extends the Emergency Food Assistance Program through fiscal year 2002. This program provides needy Americans with USDA-donated foods through local agencies, usually food banks, shelters, and soup kitchens.

Soup Kitchen and Food Bank

The bill extends the Soup Kitchen and Food Bank Program through fiscal year 2002. The program provides commodities from USDA surplus stocks and purchases food for distribution to eligible cooperators, including orphanages, homes for the elderly, meals-on- wheels, temporary shelters, correctional institutions, and hospitals.

OTHER PROGRAMS

USDA 1996 FarmBill Fact Sheet

United States Department of Agriculture

April 1996

DISTANCE LEARNING AND TELEMEDICINE

The farm bill authorizes the Distance Learning and Telemedicine Loan Program at $100 million annually. This new program, originally proposed by President Clinton in the 1996 budget, allows the Secretary of Agriculture to provide grants or loans to finance construction of facilities and systems to provide telemedicine and distance learning services to rural areas.

The farm bill gives the Secretary the discretion to determine the mix of grant and loan funds for individual projects based on the ability of the applicant to repay the loan.

USDA successfully started linking rural America to improved education and medical services when the Food, Agriculture, Conservation, and Trade Act of 1990 created the Distance Learning and Medical Link Grant Program. Since then, USDA has funded 90 projects for $27.5 million.

- Eastern Montana Telemedicine Network connects five rural medical facilities to Billings where physicians can examine and diagnose patients regardless of geography.
- Orange County, Iowa provides access for 1900 K-12 students and 1500 vocational and college students to advanced and continuing education courses and university resources.

Advanced technology is the key to closing the information gap between rural and urban areas, and telecommunications is critical to ensuring that rural areas remain economically viable in the information age. The 1990 statute was written for grants only. The farm bill provides authority for loans as well.

By using loans in addition to grants, the Secretary will be able to leverage available funds to meet the growing demands from rural communities trying to improve their access to information.

This legislation will allow the Secretary to provide educational opportunities for rural students and timely, modern health care for rural residents, furthering the goal of building a national information infrastructure. The program enhances the opportunity for rural areas to compete for new businesses and jobs in the information-driven economy.

Groups such as rural schools, hospitals, or businesses that use or provide telemedicine or distance learning services can apply for these funds in early FY 1997.

For more information, contact the Rural Development Public Affairs Office at 202-720-6903.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill **Fact Sheet**

United States Department of Agriculture

April 1996

DAIRY

Price Support Program

The dairy price support program is reauthorized through 1999 and ends thereafter.

Support prices are:
1996 $10.35/cwt
1997 $10.20/cwt
1998 $10.05/cwt
1999 $ 9.90/cwt

The support program is carried out through the purchase of surplus butter, nonfat dry milk, and cheese at prices that enable processors to pay dairy farmers, on average, the support price for milk.

In lieu of the price support program, the farm bill establishes a recourse loan program beginning in 2000 and continuing through 2002. Processors will be eligible for recourse loans on dairy products at a milk equivalent rate of $9.90 per cwt.

Marketing Assessments

Assessments will end on the first day of the first month following enactment.

A refund of total assessments collected during 1996 will be made to dairy farmers whose total milk marketings in calendar year 1996 do not exceed such marketing in 1995.

Marketing Order Reform

The farm bill requires USDA to consolidate milk marketing orders from 33 into not less than 10 and not more than 14 orders. The bill specifically provides a separate federal milk order applicable only to the State of California if those dairy producers wish.

The Secretary is required to complete the consolidation and reform process within three years with an interim report due to Congress by April 1, 1997.

Northeast Dairy Compact

The farm bill allows the Secretary to approve a dairy compact for the New England region (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) if the Secretary determines that there is compelling public interest in that region. Any such compact would terminate upon completion of the farm bill's order consolidation and reform.

Fluid Milk Promotion

The farm bill extends the Fluid Milk Promotion Program through 2002, alters voting requirements for future referenda, and clarifies the Congressional purpose and policy of the Act.

Dairy Export Incentive Program

The farm bill directs the Secretary to implement a dairy export subsidy program to develop world markets, at the maximum volume and funding levels consistent with the Uruguay Round limitations.

Dairy Export Trading Companies

The bill directs the Secretary to provide necessary advice and assistance to the U.S. dairy industry to enable it to establish and maintain one or more export trading companies to develop international markets and to export U.S. dairy products.

For more information, contact:
·Price support: John Mengel, FSA, (202) 720-6733
·Marketing orders and promotion: Rich McKee, AMS, (202) 720-4392
·Exports: Mark Rouse, FAS, (202) 720-5540

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 FarmBill Fact Sheet

United States Department of Agriculture

April 1996

FOOD AID

The 1996 farm bill makes several changes in food aid programs.

Public Law 480, Title I

The legislation:

- Amends the Title I concessional credit program, which finances sales of U.S. agricultural commodities to developing countries, to include private entities in addition to foreign governments.
- Eliminates the minimum repayment period of 10 years for Title I concessional credits and reduces the maximum grace period from 7 to 5 years.
- Allows an agricultural trade organization to carry out a project or program in a developing country using funds derived from Title I sales if the organization has a market development plan approved by the Secretary.

P.L. 480, Title II (under the Agency for International Development)

The bill:

- Raises the maximum funding level for overseas administrative support for organizations which administer food donation programs, and makes inter-governmental organizations eligible.
- Authorizes private voluntary organizations and cooperatives to use local currency proceeds for development activities in countries other than those in which the Title II commodities are sold.
- Increases the minimum amount of commodities that are to be sold for local currencies under the non-emergency programs.
- Extends the minimum annual levels of assistance through 2002 at 1995 levels.

Public Law 480, Title IV

The legislation:

- Provides greater program flexibility by improving the operational and administrative aspects of the program and extending the authority to enter into new P.L. 480 agreements through 2002.
- Eliminates mandatory multi-year agreements under Titles I and III.
- Allows up to 15 percent of the funds available for any P.L. 480 title to be used for any other title. Up to 50 percent of Title III funds may be used for Title II.
- Establishes a new pilot micro-nutrient fortification program.

Farmer-to-Farmer

This program strives to improve global food production and marketing by transferring technical skills of the U.S. agricultural community to farmers in participating countries.

The act increases the minimum percentage of P.L. 480 funding for the Farmer-to-Farmer Program, authorizes the program through 2002, and extends the program to emerging markets.

Food for Progress

FFP provides commodities to support countries that have made commitments to expand free enterprise in their agricultural economies.

The Act:

- Extends the authority for FFP through December 31, 2002, and continues the authority to assist in administering and monitoring FFP programs to strengthen private sector agriculture in recipient countries through fiscal 2002.
- Includes intergovernmental organizations in FFP programming.
- Expands the authority to make sales on credit terms under the Act to all eligible countries, in addition to the states of the former Soviet Union.
- Expands existing authority to include the provision of technical assistance for monetization programs.

Section 416(b)

The farm bill:

- Allows overseas donation programs carried out under Section 416(b) to use local currencies earned from the sale of donated commodities for administrative expenses.
- Allows additional time to use proceeds from the sale of program commodities.

Food Security Commodity Reserve

The legislation:

- Amends Title III of the Agricultural Act of 1980 to establish a Food Security Commodity Reserve. Commodities authorized for the 4-million-ton reserve include corn, grain sorghum, and rice, in addition to wheat.
- Raises the existing 300,000-ton release authority for urgent humanitarian relief in disasters to 500,000 tons in the case of unanticipated need, and allows for the release of an additional 500,000 tons of eligible commodities that could have been, but were not, released in previous years.
- Authorizes the Secretary to release eligible commodities from the Reserve when they are not available for P.L. 480 because of limited supplies.
- Extends authority for replenishment of the Reserve through 2002. Provides for replenishment, but sets no specific time.
- Authorizes the use of P.L. 480 funds to reimburse CCC for the release of eligible commodities from the Reserve. This may be from funds appropriated in subsequent fiscal years and will be based on the lesser of the actual costs incurred by the CCC, or the export market price of the commodity released from the Reserve.

For more information, contact FAS Information Division at (202) 720-3448. On the Internet, the FAS Homepage address is http://www.fas.usda.gov.

Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage

USDA 1996 Farm Bill **Fact Sheet**

United States Department of Agriculture

April 1996

MARKETING AND REGULATION

USDA's Marketing and Regulatory Programs facilitate the domestic and international marketing of U.S. agricultural products and ensure the health and care of animals and plants.

Agricultural Promotion

The farm bill authorizes a generic commodity promotion, research, and information program for those industries that wish to petition USDA for such a program. In the past, each industry had to obtain commodity-specific authorization from Congress to create a promotion program.

The bill requires an independent evaluation of each generic promotion program's effectiveness at least every five years. The title also authorizes new promotion programs for popcorn, canola and rapeseed, and kiwifruit before the establishment of the generic promotion program.

Cotton Classification

The farm bill extends authorization for cotton classification services through fiscal year 2002.

Plant Variety Protection

The bill extends Plant Variety Protection Act coverage in the U.S. to all varieties of potatoes that have been marketed for more than four years in another country. Protection would be limited to a total of 20 years, including the time protected in another country.

ANIMAL AND PLANT HEALTH

Quarantine Inspection Fees

To prevent agricultural pests and diseases from entering this country, passengers and cargo are inspected at ports of entry and user fees are collected to recover the costs of these services.

These funds are held in an account in the U.S. Treasury. The 1996 farm bill changes will ultimately allow the program to be fully self-sustaining, with funds collected through the program immediately available for improvements that will directly benefit those who pay for the services.

Swine Health Protection

The bill allows the federal government to assume primary enforcement responsibility for the Swine Health Protection Act, if a state requests it or enforces the act ineffectively, without the current 90-day waiting period.

Pre-clearance Inspections

The farm bill simplifies establishing the payment agreement for importers who request that commodities be inspected in the country of origin to ensure that they are free of pests and diseases *before* they arrive at a U.S. port.

Horses to Slaughter

The farm bill authorizes the Secretary to issue guidelines for the regulation of the commercial transportation of equines for slaughter.

GRAIN AND STOCKYARDS

Financial Statements

The farm bill eliminates the requirement that a debtor sign the notification statement filed with states and thus permits electronic filing.

For further information, contact Christine M. Sarcone, Marketing & Regulatory Programs, (202) 720-4256, Internet: csarcone@ usda.gov

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Return to:

- Fact Sheet page
- Farm Bill page
- USDA ... Homepage